



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

December 19, 2002

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

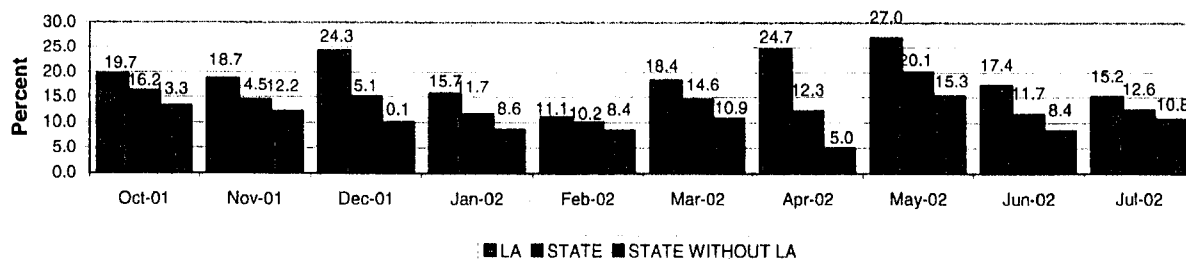
SUBJECT: **BOARD OF SUPERVISORS MOTION: L.A. COUNTY FOOD STAMP
ERROR RATE PROGRESS REPORT**

This is to provide your Board with the departmental progress report on the Los Angeles County Food Stamp error rate. Representatives from the office of the Chief Administrative Officer (CAO) have reviewed and concur with the information in this report. The Auditor-Controller (A-C) has reviewed and concurs with the error rates reflected in the "Error Rate" section of this report.

ERROR RATE

Based on findings from the California Department of Social Services (CDSS) Quality Control (QC) reviews, the Department's Food Stamp error rate for July 2002 has been reduced to 15.2%. This represents a decline in the Department's error rate for a second consecutive month. This is a significant reduction of 11.8 percentage points from the 27.0% reported for the month of May 2002 and a reduction of 2.2 percentage points from the June error rate of 17.4%. State audits are conducted several months in arrears, and we expect to finish the current Federal Fiscal Year (FFY) with a cumulative rate below 20%.

The graph below displays the month-to-month error rate comparison between Los Angeles County and the average error rate for all other counties in the state of California for FFY 2002 through the month of July 2002.



The cumulative error rate for the first nine months of FFY 2002 is 19.6% which represents a decrease of 3.3 percentage points compared to the Department's 22.9% cumulative performance for FFY 2001.

PERIOD COVERED	L.A. COUNTY	STATE	STATE W/OUT L.A.
October 2000 - September 2001	22.9%	17.4%	12.1%
October 2001 - July 2002	19.6%	14.3%	10.8%

Source: CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

With two months left in the State reviews for FFY 2002, we expect to remain below 20%.

INITIATIVES UNDERWAY

My Department continues to aggressively pursue corrective action measures in support of the DPSS Food Stamp Business Process Improvement Strategic Plan. Corrective actions in progress include the following:

- Development of a LEADER Operational Handbook. The Handbook will provide an on-line user manual to assist workers in completing LEADER screens correctly and will be available to line staff via the LEADER work station.
- Extension of specialized LEADER Food Stamp Training Clinics for eligibility staff to target high error areas. The DPSS Academy finalized Phase V LEADER Clinic Training on Household Composition for General Relief/Food Stamps on October 24, 2002. The training involved classroom instruction in the morning, followed by hands-on application of this knowledge in the afternoon, and included the assistance of LEADER advisors. A total of 935 employees were trained during October 2002. Phase VI LEADER Clinic Training for Household Composition II, CalWORKs Food Stamps and General Relief Food Stamps, is targeted to begin on December 4, 2002. The training is mandated for all eligibility staff with the responsibility of determining Food Stamp eligibility.
- Completion of a CW 7 Video to improve communication with the public on reporting responsibilities. The Video is in the final stages of editing and is targeted for completion in December 2002. It will provide participants with clear, step-by-step instructions for more accurate monthly reporting. Written procedures are being developed to provide district staff with instructions for effective use of the video.

- Acquisition of a consultant to assist district offices with high Food Stamp error rates. The Department is working with the State to obtain a consultant. The consultant will identify district specific problem areas and assist in implementing needed corrective action at the individual district office.
- Development of a listing identifying cases where the CW 7 form reports no change, but there is a history of income on the LEADER system. Effective November 21, 2002, to aid in the reduction of income related errors, a monthly listing of cases with No Change CW 7s and an ongoing income deduction is being provided to district offices for review, verification and update. Written instructions were also released.
- Development of an instruction guide on Systematic Alien Verification for Entitlement (SAVE). The guide provides workers with instructions on how to process alien information received from a computer match.

SANCTION APPEAL FOR CALIFORNIA AND LOS ANGELES COUNTY

As I previously notified you, on November 13, 2002, I participated in a meeting with USDA Undersecretary Eric Bost, along with Assemblywoman Dion Aroner, CDSS Director Rita Saenz, CWDA Executive Director Frank Mecca, and representatives from Contra Costa, Fresno, and San Bernardino Counties. After substantial discussion regarding state and county efforts to reduce the Food Stamp error rate, Mr. Bost invited California to submit a revised proposal to settle the \$114.3 million penalty for FFY 2001. However, Mr. Bost clearly stated that he would only consider a proposal which honored the following parameters:

1. An actual payment from California to USDA of \$57 million spread over not more than 4 years, with a first payment of at least \$10 million within the first two months of 2003; and
2. No up-front forgiveness of any part of the FFY 2001 penalty.

During the November 13, 2002 meeting, CDSS indicated that it would submit a proposal to USDA by November 27, 2002, which was subsequently revised to mid-December 2002. However, it now appears that CDSS will not submit a settlement proposal. Due to the severe State budget crisis, CDSS cannot afford to pay the upfront payment of \$10 million that is required by the USDA.

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Since an appeal will now be filed by CDSS, we are continuing to work with County Counsel to develop a County position for the Statewide Sanction Appeal. A meeting was convened on November 21, 2002 in Sacramento. The meeting was attended by representatives from CDSS, County Counsel, DPSS, other Counties, and the law firm contracted by the State. In conjunction with the Chief Administrative Officer, I will keep you advised as more specific information becomes available.

I will continue to provide your Board with regular progress reports until the Department's Food Stamp error rate is reduced to an acceptable level.

BY:ps

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller